

AMENDED IN ASSEMBLY APRIL 22, 2014

AMENDED IN ASSEMBLY MARCH 25, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 2686**

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**Introduced by Assembly Members Perea, *Bigelow*, Gray, and Salas**  
**(*Coauthor: Assembly Member Logue*)**  
(Coauthor: Senator Cannella)

February 21, 2014

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An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a clean, safe, and reliable *drinking* water supply program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2686, as amended, Perea. Clean, Safe, and Reliable *Drinking* Water Supply Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Clean, Safe, and Reliable *Drinking* Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable *drinking* water supply program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Division 26.7 (commencing with Section 79700)  
2 of the Water Code, as added by Section 1 of Chapter 3 of the  
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is  
5 added to the Water Code, to read:

6  
7 DIVISION 26.7. CLEAN, SAFE, AND RELIABLE *DRINKING*  
8 WATER SUPPLY ACT OF 2014.

9  
10 CHAPTER 1. SHORT TITLE

11  
12 79700. This division shall be known, and may be cited, as the  
13 Clean, Safe, and Reliable *Drinking* Water Supply Act of 2014.

14  
15 CHAPTER 2. FINDINGS

16  
17 79701. The people of California find and declare all of the  
18 following:

19 (a) Safeguarding supplies of clean and safe drinking water to  
20 California's homes, businesses, and farms is an essential  
21 responsibility of government, and critical to protecting the quality  
22 of life for Californians.

1 (b) Every Californian should have access to clean, safe, and  
2 reliable drinking water, consistent with the human right to water  
3 and Section 106.3. Providing adequate supplies of clean, safe, and  
4 reliable drinking water is vital to keeping California's economy  
5 growing and strong.

6 (c) Climate change has impaired California's capacity to ensure  
7 clean, safe, and reliable drinking water, as droughts have become  
8 more frequent and more severe, and ecosystems have become  
9 stressed. Higher temperatures mean less snow pack, which is the  
10 state's largest water reservoir. Scientists project a loss of at least  
11 25 percent of the snow pack in the Sierra Nevada Mountains by  
12 2050. The Colorado River basin, which provides drinking water  
13 to southern California, has experienced prolonged drought.

14 (d) California's water infrastructure continues to age and  
15 deteriorate. More than 50 years ago, Californians approved the  
16 construction of the State Water Project. In the decades that  
17 followed, California's water leaders developed the most  
18 sophisticated system of state, federal, regional, and local water  
19 infrastructure anywhere in the world. In recent decades, however,  
20 that water infrastructure and the water environment on which it  
21 depends have deteriorated.

22 (e) In the years since the voters approved the State Water  
23 Project, California's population has continued to grow, from less  
24 than 16 million in 1960 to more than 37 million in 2010. A growing  
25 population and a growing economy have put greater stress on  
26 California's natural resources, including water. The Department  
27 of Finance projects that California's population will reach 50  
28 million by 2049.

29 (f) A growing population and a growing economy have put  
30 greater stress on California's natural resources, including water.  
31 Contamination of groundwater aquifers from economic activity  
32 in the agricultural and industrial sectors has threatened vital  
33 drinking water supplies.

34 (g) As California and its water infrastructure have grown,  
35 increasing demands on California's limited water supplies and  
36 deteriorating aquatic ecosystems have led to intense conflict,  
37 further threatening the reliability of clean and safe drinking water.

38 (h) This division is intended to promote the coequal goals, as  
39 defined in Section 85054, of providing a more reliable water supply

1 for California and protecting, restoring, and enhancing the Delta  
2 ecosystem.

3 79702. The people of California find and declare all of the  
4 following:

5 (a) A sustainable water future can provide the means for  
6 California to maintain vibrant communities, globally competitive  
7 agriculture, and healthy ecosystems, which are all a part of the  
8 quality of life that attracts so many to live in California.

9 (b) Responding to climate change, ensuring clean and safe  
10 drinking water, and preparing for California's continued growth  
11 will require a diversified portfolio of strategies and investments  
12 to address the many water challenges facing California.

13 (c) Improving water quality offers one of the most immediate  
14 steps to ensuring a clean and safe drinking water supply. California  
15 needs water quality improvements at all parts of the hydrologic  
16 cycle, from source water in the watersheds where the state's  
17 drinking water supplies originate to wastewater treatment and  
18 potential reuse to improve surface water quality for those who live  
19 downstream.

20 (d) Addressing the challenges to the sustainability of the Delta,  
21 the heart of the California water system, will help resolve some  
22 of the conflicts that impede progress in improving the statewide  
23 water system.

24 (e) Enhancing regional water self-reliance consistent with  
25 Section 85021 offers a key strategy for addressing climate change  
26 and improving water supply reliability. It helps the Delta and it  
27 helps local communities to address their own water challenges.

### 28 29 CHAPTER 3. DEFINITIONS 30

31 79703. Unless the context otherwise requires, the definitions  
32 set forth in this section govern the construction of this division, as  
33 follows:

34 (a) "CALFED Bay-Delta Program" means the program  
35 described in the Record of Decision dated August 28, 2000.

36 (b) "Commission" means the California Water Commission.

37 (c) "Committee" means the Clean, Safe, and Reliable *Drinking*  
38 Water Supply Finance Committee created by Section 79802.

39 (d) "Delta" means the Sacramento-San Joaquin Delta, as defined  
40 in Section 85058.

1 (e) “Delta conveyance facilities” means facilities that convey  
2 water directly from the Sacramento River to the State Water Project  
3 or the federal Central Valley Project pumping facilities in the south  
4 Delta.

5 (f) “Delta counties” means the Counties of Contra Costa,  
6 Sacramento, San Joaquin, Solano, and Yolo.

7 (g) “Department” means the Department of Water Resources.

8 (h) “Director” means the Director of Water Resources.

9 (i) “Disadvantaged community” has the meaning set forth in  
10 subdivision (a) of Section 79505.5.

11 (j) “Economically distressed area” means a municipality with  
12 a population of 20,000 persons or less, a rural county, or a  
13 reasonably isolated and divisible segment of a larger municipality  
14 where the segment of the population is 20,000 persons or less,  
15 with an annual median household income that is less than 85  
16 percent of the statewide median household income, and with one  
17 or more of the following conditions as determined by the  
18 department:

19 (1) Financial hardship.

20 (2) Unemployment rate at least 2 percent higher than the  
21 statewide average.

22 (3) Low population density.

23 (k) “Fund” means the Clean, Safe, and Reliable *Drinking Water*  
24 Supply Fund of 2014 created by Section 79717.

25 (l) “Integrated regional water management plan” has the  
26 meaning set forth in Section 10534.

27 (m) “Nonprofit organization” means an organization qualified  
28 to do business in California and qualified under Section 501(c)(3)  
29 of Title 26 of the United States Code.

30 (n) “Public agency” means a state agency or department, district,  
31 joint powers authority, city, county, city and county, or other  
32 political subdivision of the state.

33 (o) “Rainwater” has the meaning set forth in subdivision (c) of  
34 Section 10573.

35 (p) “Severely disadvantaged community” has the meaning set  
36 forth in subdivision (n) of Section 116760.20 of the Health and  
37 Safety Code.

38 (q) “Small community water system” means a community water  
39 system that serves no more than 3,300 service connections or a  
40 yearlong population of no more than 10,000 persons.

(r) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

(s) “State small water system” has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(t) “Stormwater” has the meaning set forth in subdivision (e) of Section 10573.

#### CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board. Watershed monitoring shall be integrated into the statewide watershed program administered by the Department of Conservation.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 9 (commencing with Section 79760).

79708. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded.

1 (b) Prior to disbursing grants or loans, the state agency shall  
2 conduct three public meetings to consider public comments prior  
3 to finalizing the guidelines. The state agency shall publish the draft  
4 solicitation and evaluation guidelines on its Internet Web site at  
5 least 30 days before the public meetings. One meeting shall be  
6 conducted at a location in northern California, one meeting shall  
7 be conducted at a location in the central valley of California, and  
8 one meeting shall be conducted at a location in southern California.  
9 Upon adoption, the state agency shall transmit copies of the  
10 guidelines to the fiscal committees and the appropriate policy  
11 committees of the Legislature.

12 79709. It is the intent of the people that:

13 (a) The investment of public funds pursuant to this division will  
14 result in public benefits that address the most critical statewide  
15 needs and priorities for public funding.

16 (b) In the appropriation and expenditure of funding authorized  
17 by this division, priority will be given to projects that leverage  
18 private, federal, or local funding or produce the greatest public  
19 benefit.

20 (c) A funded project advances the purposes of the chapter from  
21 which the project received funding.

22 (d) In making decisions regarding water resources, state and  
23 local water agencies use the best available science to inform those  
24 decisions.

25 (e) Special consideration will be given to projects that employ  
26 new or innovative technology or practices, including decision  
27 support tools that support the integration of multiple jurisdictions,  
28 including, but not limited to, water supply, flood control, land use,  
29 and sanitation.

30 (f) Evaluation of projects considered for funding pursuant to  
31 this division will include review by professionals in the fields  
32 relevant to the proposed project.

33 (g) To the extent practicable, a project supported by funds made  
34 available by this division will include signage informing the public  
35 that the project received funds from the Clean, Safe, and Reliable  
36 *Drinking Water Supply Act of 2014*.

37 79710. (a) The California State Auditor shall annually conduct  
38 a programmatic review and an audit of expenditures from the fund.

39 (b) Notwithstanding Section 10231.5 of the Government Code,  
40 the California State Auditor shall report its findings annually on

1 or before March 1 to the Governor and the Legislature, and shall  
2 make the findings available to the public.

3 (c) If an audit, required by statute, of ~~a public agency~~ *any entity*  
4 that receives funding authorized by this division is conducted  
5 pursuant to state law and reveals any impropriety, the California  
6 State Auditor or the Controller may conduct a full audit of any or  
7 all of the activities of ~~the public agency~~ *that entity*.

8 (d) The state agency issuing any grant or loan with funding  
9 authorized by this division shall require adequate reporting of the  
10 expenditures of the funding from the grant or loan.

11 79711. (a) Funds provided by this division shall not be  
12 expended to support or pay for the costs of environmental  
13 mitigation measures except as part of the environmental mitigation  
14 costs of projects financed by this division. Funds provided by this  
15 division may be used for environmental enhancements or other  
16 public benefits.

17 (b) Any acquisitions of water supported by funds provided by  
18 this division shall be long-term transfers or purchases of water  
19 rights.

20 79712. Funds provided by this division shall not be expended  
21 to pay the costs of the design, construction, operation, mitigation,  
22 or maintenance of Delta conveyance facilities. Those costs shall  
23 be the responsibility of the water agencies that benefit from the  
24 design, construction, operation, or maintenance of those facilities.

25 79713. (a) This division does not diminish, impair, or  
26 otherwise affect in any manner whatsoever any area of origin,  
27 watershed of origin, county of origin, or any other water rights  
28 protections, including, but not limited to, rights to water  
29 appropriated prior to December 19, 1914, provided under the law.  
30 This division does not limit or affect the application of Article 1.7  
31 (commencing with Section 1215) of Chapter 1 of Part 2 of Division  
32 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and  
33 11463, and Sections 12200 to 12220, inclusive.

34 (b) For the purposes of this division, an area that utilizes water  
35 that has been diverted and conveyed from the Sacramento River  
36 hydrologic region, for use outside the Sacramento River hydrologic  
37 region or the Delta, shall not be deemed to be immediately adjacent  
38 thereto or capable of being conveniently supplied with water  
39 therefrom by virtue or on account of the diversion and conveyance



1 of that water through facilities that may be constructed for that  
2 purpose after January 1, 2014.

3 (c) Nothing in this division supersedes, limits, or otherwise  
4 modifies the applicability of Chapter 10 (commencing with Section  
5 1700) of Part 2 of Division 2, including petitions related to any  
6 new conveyance constructed or operated in accordance with  
7 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
8 35.

9 (d) Unless otherwise expressly provided, nothing in this division  
10 supersedes, reduces, or otherwise affects existing legal protections,  
11 both procedural and substantive, relating to the state board's  
12 regulation of diversion and use of water, including, but not limited  
13 to, water right priorities, the protection provided to municipal  
14 interests by Sections 106 and 106.5, and changes in water rights.  
15 Nothing in this division expands or otherwise alters the state  
16 board's existing authority to regulate the diversion and use of water  
17 or the courts' existing concurrent jurisdiction over California water  
18 rights.

19 (e) Nothing in this division shall be construed to affect the  
20 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
21 with Section 5093.50) of Division 5 of the Public Resources Code)  
22 and funds authorized pursuant to this division shall not be available  
23 for any project that could have an adverse effect on the values  
24 upon which a wild and scenic river or any other river is afforded  
25 protections pursuant to the California Wild and Scenic Rivers Act.

26 (f) Nothing in this division supersedes, limits, or otherwise  
27 modifies the Sacramento-San Joaquin Delta Reform Act of 2009  
28 (Division 35 (commencing with Section 85000)).

29 79714. Eligible applicants under this division are public  
30 agencies, ~~federally recognized Indian tribes~~, nonprofit  
31 organizations, public utilities, and mutual water companies. To be  
32 eligible for funding under this division, a project proposed by a  
33 public utility that is regulated by the Public Utilities Commission  
34 or a mutual water company shall have a clear and definite public  
35 purpose and shall benefit the customers of the water system.

36 79715. The Legislature may enact legislation necessary to  
37 implement programs funded by this division, except as otherwise  
38 provided in Section 79770.

39 79716. (a) Unless otherwise specified, any state agency that  
40 has the statutory authority to implement one or more of the

1 purposes specified in this bond may be eligible for appropriations  
2 from the funding made available by this division.

3 (b) Funding made available by this division shall not be  
4 appropriated *by the Legislature* to a specific project.

5 (c) Projects funded pursuant to this division may use the services  
6 of the California Conservation Corps or certified community  
7 conservation corps, as defined in Section 14507.5 of the Public  
8 Resources Code.

9 79717. The proceeds of bonds issued and sold pursuant to this  
10 division shall be deposited in the Clean, Safe, and Reliable  
11 *Drinking Water Supply Fund* of 2014, which is hereby created in  
12 the State Treasury.

13 79718. Each state agency that receives an appropriation of  
14 funding made available by this division shall be responsible for  
15 establishing metrics of success and reporting the status of projects  
16 and all uses of the funding on the state's bond accountability  
17 Internet Web site, as provided by statute.

18  
19 CHAPTER 5. CLEAN ~~AND~~, SAFE, AND RELIABLE DRINKING  
20 WATER  
21

22 79720. The sum of one billion dollars (\$1,000,000,000) shall  
23 be available, upon appropriation by the Legislature from the fund,  
24 for expenditures, grants, and loans for projects that improve water  
25 quality or help provide clean ~~and~~, safe, *and reliable* drinking water  
26 to all Californians.

27 79721. The projects eligible for funding pursuant to this chapter  
28 shall help improve water quality for a beneficial use. The purposes  
29 of this chapter are to:

30 (a) Reduce contaminants in drinking water supplies regardless  
31 of the source of the water or the contamination, including the  
32 assessment and prioritization of the risk to the safety of drinking  
33 water supplies.

34 (b) Address the critical and immediate needs of disadvantaged,  
35 rural, or small communities that suffer from contaminated drinking  
36 water supplies, including, but not limited to, projects that address  
37 a public health emergency.

38 (c) Leverage other private, federal, state, and local drinking  
39 water quality and wastewater treatment funds.

1 (d) Reduce contaminants in discharges to, and improve the  
2 quality of, surface water streams.

3 (e) Improve water quality of surface water streams, including  
4 multibenefit stormwater quality projects.

5 (f) Prevent further contamination of drinking water supplies.

6 (g) Provide disadvantaged communities with public drinking  
7 water infrastructure that provides clean~~and~~, safe, *and reliable*  
8 drinking water supplies that the community can sustain over the  
9 long term.

10 (h) Ensure access to clean, safe, *reliable*, and affordable drinking  
11 water for California's communities.

12 79722. (a) A project that receives funding under this chapter  
13 shall be selected by a competitive grant or loan process with added  
14 consideration for those projects that leverage private, federal, or  
15 local funding. This subdivision shall not apply to projects for the  
16 purposes of Section 79727 that address a public health priority for  
17 which no other source of funding can be identified.

18 (b) An agency administering grants or loans for the purposes  
19 of this chapter shall assess the capacity of a community to pay for  
20 the operation and maintenance of the facility to be funded.

21 (c) A project that receives funding authorized by this chapter  
22 may be implemented by any public water system or other public  
23 water agency.

24 79723. An applicant for a project to clean up a groundwater  
25 aquifer shall demonstrate that a public agency has authority to  
26 manage the water resources in that aquifer in order to be eligible  
27 for funding pursuant to this chapter. A groundwater management  
28 plan adopted and approved pursuant to Part 2.75 (commencing  
29 with Section 10750) of Division 6 shall be deemed sufficient to  
30 satisfy the requirement of this section. This section does not apply  
31 to projects that install treatment facilities at the wellhead, customer  
32 connection, or the tap.

33 79724. The contaminants that may be addressed with funding  
34 pursuant to this chapter may include, but shall not be limited to,  
35 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,  
36 selenium, hexavalent chromium, mercury, PCE  
37 (perchloroethylene), TCE (trichloroethylene), DCE  
38 (dichloroethene), DCA (dichloroethane), 1,2,3-TCP  
39 (trichloropropane), carbon tetrachloride, 1,4-dioxane,

1 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,  
2 manganese, and uranium.

3 79725. Of the funds authorized in Section 79720, not less than  
4 two hundred million dollars (\$200,000,000) shall be available for  
5 deposit in the State Water Pollution Control Revolving Fund Small  
6 Community Grant Fund created pursuant to Section 13477.6 for  
7 grants for wastewater treatment projects. Priority shall be given  
8 to projects that serve disadvantaged communities and severely  
9 disadvantaged communities, and to projects that address public  
10 health hazards. Projects may include, but not be limited to, projects  
11 that identify, plan, design, and implement regional mechanisms  
12 to consolidate wastewater systems or provide affordable treatment  
13 technologies.

14 79726. (a) Of the funds authorized in Section 79720, one  
15 hundred million dollars (\$100,000,000) shall be available for  
16 deposit in the Emergency Clean Water Grant Fund, established  
17 pursuant to Section 116475 of the Health and Safety Code, for  
18 grants and direct expenditures to finance public health emergencies  
19 and urgent actions, as may be determined by the Legislature, to  
20 ensure that safe drinking water supplies are available to all  
21 Californians. Eligible projects include, but are not limited to, the  
22 following:

23 (1) Providing interim water supplies, including, but not limited  
24 to, bottled water, where necessary to protect public health.

25 (2) Identifying, planning, designing, and constructing projects  
26 that improve or replace existing water systems to provide safe,  
27 reliable, accessible, and affordable drinking water, provide other  
28 sources of safe drinking water, including, but not limited to,  
29 replacement wells, and prevent contamination.

30 (3) Establishing connections to an adjacent water system.

31 (4) The design, purchase, installation, and initial operating costs  
32 for interim water treatment equipment and systems.

33 (b) The administering entity may expend up to ten million  
34 dollars (\$10,000,000) for grants and loans to address the water  
35 quality needs of private well owners that have no other source of  
36 funding and serve members of a disadvantaged community.

37 (c) Funds made available pursuant to this section may be used  
38 to fund the costs of stewardship, operation, and maintenance of  
39 funded projects.

1 79727. (a) Of the funds authorized in Section 79720, four  
2 hundred million dollars (\$400,000,000) shall be available for grants  
3 and loans for public water system infrastructure improvements  
4 and related actions to meet safe drinking water standards, ensure  
5 affordable drinking water, or both. Priority shall be given to  
6 projects that provide treatment for contamination or access to an  
7 alternate drinking water source or sources for small community  
8 water systems or state small water systems in disadvantaged  
9 communities whose drinking water source is impaired by chemical  
10 and nitrate contaminants and other health hazards identified by  
11 the implementing agency. Eligible recipients serve disadvantaged  
12 communities and are public agencies or incorporated mutual water  
13 companies. The implementing agency may make grants for the  
14 purpose of financing feasibility studies and to meet the eligibility  
15 requirements for a construction grant. Eligible expenses may  
16 include initial and ongoing operation and maintenance costs for  
17 systems serving disadvantaged communities. Special consideration  
18 shall be given to projects that provide shared solutions for multiple  
19 communities, at least one of which is a disadvantaged community  
20 that lacks safe, affordable drinking water and is served by a small  
21 community water system, state small water system, or a private  
22 well. Construction grants shall be limited to five million dollars  
23 (\$5,000,000) per project, except that the implementing agency  
24 may set a limit of not more than twenty million dollars  
25 (\$20,000,000) for projects that provide regional benefits or are  
26 shared among multiple entities, at least one of which shall be a  
27 small disadvantaged community. Not more than 25 percent of a  
28 grant may be awarded in advance of actual expenditures.

29 (b) The administering entity may expend up to twenty-five  
30 million dollars (\$25,000,000) of the funds allocated in subdivision  
31 (a) for technical assistance to eligible communities.

32 (c) Funds made available pursuant to this section may be used  
33 to fund the costs of stewardship, operation, and maintenance of  
34 funded projects.

35 79728. Of the funds authorized in Section 79720, fifty million  
36 dollars (\$50,000,000) shall be provided to ~~the California State~~  
37 ~~University to be managed for the system by an office designated~~  
38 ~~by the chancellor~~ *public university systems for competitive grants*  
39 *to offices within the systems* for the purpose of funding applied  
40 research and education related to improvement of water quality,

1 increasing access to clean water, improved water use efficiency,  
2 and training in the selection, operation, and maintenance of water  
3 infrastructure facilities for disadvantaged communities.

4 79729. (a) For the purposes of awarding funding under this  
5 chapter, a local cost share of not less than 50 percent of the total  
6 costs of the project shall be required. The cost-sharing requirement  
7 may be waived or reduced for projects that directly benefit a  
8 disadvantaged community or an economically distressed area.

9 (b) At least 10 percent of the funds available pursuant to this  
10 chapter shall be allocated for projects serving severely  
11 disadvantaged communities.

12 (c) Funding authorized pursuant to this chapter shall include  
13 funding for technical assistance to disadvantaged communities.  
14 The agency administering this funding shall operate a  
15 multidisciplinary technical assistance program for small and  
16 disadvantaged communities.

17 (d) Funding for planning activities, including technical  
18 assistance, to benefit disadvantaged communities may exceed 10  
19 percent of the funds allocated, subject to the determination of the  
20 need for additional planning funding by the state agency  
21 administering the funding.

22  
23 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL  
24 WATERS, AND WATERSHEDS  
25

26 79730. (a) The sum of one billion five hundred million dollars  
27 (\$1,500,000,000) shall be available, upon appropriation by the  
28 Legislature from the fund, in accordance with this chapter, for  
29 competitive grants for multibenefit ecosystem and watershed  
30 protection and restoration projects in accordance with statewide  
31 priorities.

32 (b) Of the funds made available by this section, the following  
33 specified amounts shall be made available to the specified regions  
34 :

35 (1) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the North Coast region.

36 (2) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the San Francisco Bay  
37 Area.

38 (3) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Sierra Nevada and  
39 Cascade Range region.

40 (4) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Coast region.

1 (5) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Valley region.  
2 (6) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Southern California  
3 region.

4 79731. In protecting and restoring California rivers, lakes,  
5 streams, and watersheds, the purposes of this chapter are to:

6 (a) Protect and increase the economic benefits arising from  
7 healthy watersheds, fishery resources, and instream flow.

8 (b) Implement watershed adaptation projects in order to reduce  
9 the impacts of climate change on California's communities and  
10 ecosystems.

11 (c) Restore river parkways throughout the state, including, but  
12 not limited to, projects pursuant to the California River Parkways  
13 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of  
14 Division 5 of the Public Resources Code), in the Urban Streams  
15 Restoration Program established pursuant to Section 7048, and  
16 urban river greenways.

17 (d) Protect and restore aquatic, wetland, and migratory bird  
18 ecosystems, including fish and wildlife corridors and the  
19 acquisition of water rights for instream flow pursuant to Section  
20 1707.

21 (e) Fulfill the obligations of the State of California in complying  
22 with the terms of multiparty settlement agreements related to water  
23 resources.

24 (f) Remove barriers to fish passage.

25 (g) Collaborate with federal agencies in the protection of fish  
26 native to California and wetlands in the central valley of California.

27 (h) Implement fuel treatment projects to reduce wildfire risks,  
28 protect watersheds tributary to water storage facilities, and promote  
29 watershed health.

30 (i) Protect and restore rural and urban watershed health to  
31 improve watershed storage capacity, forest health, protection of  
32 life and property, stormwater resource management, and  
33 greenhouse gas reduction.

34 (j) Promote access and recreational opportunities to watersheds  
35 and waterways that are compatible with habitat values and water  
36 quality objectives.

37 (k) Promote educational opportunities to instruct and inform  
38 Californians, including young people, about the value of  
39 watersheds.

1 (l) Protect and restore coastal watersheds, including, but not  
2 limited to, bays, marine estuaries, and nearshore ecosystems.

3 (m) Reduce pollution or contamination of rivers, lakes, streams,  
4 or coastal waters, prevent and remediate mercury contamination  
5 from legacy mines, and protect or restore natural system functions  
6 that contribute to water supply, water quality, or flood management.

7 (n) Assist in the recovery of endangered, threatened, or  
8 migratory species by improving watershed health, instream flows  
9 pursuant to Section 1707, fish passage, coastal or inland wetland  
10 restoration, or other means, such as natural community  
11 conservation plan and habitat conservation plan implementation.

12 (o) Promote urban forestry pursuant to the Urban Forest Act of  
13 1978 (Chapter 2 (commencing with Section 4799.06) of Division  
14 4 of the Public Resources Code).

15 79732. For restoration and ecosystem protection projects under  
16 this chapter, the services of the California Conservation Corps or  
17 a local conservation corps certified by the California Conservation  
18 Corps shall be used whenever feasible.

19 ~~79733. (a) Notwithstanding Section 79711, of the funds~~  
20 ~~authorized in Section 79730, five hundred million dollars~~  
21 ~~(\$500,000,000) shall be available to fulfill the obligations of the~~  
22 ~~State of California in complying with the terms of any of the~~  
23 ~~following:~~

24 ~~(1) The February 18, 2010, Klamath Basin Restoration~~  
25 ~~Agreement.~~

26 ~~(2) The Quantification Settlement Agreement, as defined in~~  
27 ~~subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.~~

28 ~~(3) The San Joaquin River Restoration Settlement, as described~~  
29 ~~in Part I of Subtitle A of Title X of Public Law 111-11.~~

30 ~~(4) Section 3406(d) of Title 34 of Public Law 102-575.~~

31 ~~(5) Other multiparty settlement agreements in effect as of~~  
32 ~~January 1, 2014, including the Tahoe Regional Planning Compact~~  
33 ~~set forth in Section 66801 of the Government Code.~~

34 (b)

35 79733. (a) Of the funds authorized in Section 79730, two  
36 hundred fifty million dollars (\$250,000,000) shall be available to  
37 the Natural Resources Agency to support projects of a state  
38 conservancy as provided in the conservancy's strategic plan.

39 (e)



1 (b) In order to guide the expenditure of funds described in this  
2 chapter, the Natural Resources Agency shall develop a statewide  
3 natural resource protection plan to identify priorities consistent  
4 with the purposes of this section. All expenditures by state  
5 conservancies and state agencies of funds described in this section  
6 shall advance the priorities set forth in the statewide natural  
7 resource protection plan.

8 ~~(d)~~

9 (c) In coordination with the Natural Resources Agency, all state  
10 conservancies expending funds provided pursuant to subdivision  
11 ~~(b)~~ (a) shall provide biannual written reports to the Natural  
12 Resources Agency on expenditures made and how those  
13 expenditures advance the statewide priorities set forth in the  
14 statewide natural resource protection plan developed pursuant to  
15 subdivision~~(e)~~ (b). The Natural Resources Agency shall produce  
16 and make available to the public biannual written reports on total  
17 expenditures made and progress toward meeting statewide  
18 priorities.

19 (d) *Notwithstanding Section 79711, of the funds authorized in*  
20 *Section 79730, five hundred million dollars (\$500,000,000) shall*  
21 *be available to the Natural Resources Agency to support projects*  
22 *that fulfill the obligations of the State of California in complying*  
23 *with the terms of any interstate or multiparty settlement agreement.*  
24 *Priority shall be given to projects that meet one or more of the*  
25 *following criteria:*

- 26 (1) *The project is of statewide significance.*  
27 (2) *The project restores natural aquatic or riparian functions,*  
28 *or wetlands habitat for birds and aquatic species.*  
29 (3) *The project protects or promotes the restoration of*  
30 *endangered or threatened species.*  
31 (4) *The project enhances the reliability of water supplies on a*  
32 *regional or interregional basis.*  
33 (5) *The project provides significant regional or statewide*  
34 *economic benefits.*

35 79734. For the purposes of this chapter, the terms “protection”  
36 and “restoration” have the meanings set forth in Section 75005 of  
37 the Public Resources Code.

1 CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL  
2 WATER SECURITY AND DROUGHT PREPAREDNESS

3  
4 79740. The sum of one billion five hundred million dollars  
5 (\$1,500,000,000) shall be available, upon appropriation by the  
6 Legislature from the fund, for expenditures and competitive grants  
7 to projects that are included in, and implement an adopted  
8 integrated regional water management plan consistent with Part  
9 2.2 (commencing with Section 10530) of Division 6 and respond  
10 to climate change and contribute to regional water security as  
11 provided in this chapter.

12 79741. In order to improve regional water self-reliance security  
13 and adapt to the effects on water supply arising out of climate  
14 change, the purposes of this chapter are to:

15 (a) Help water infrastructure systems adapt to climate change,  
16 including, but not limited to, sea level rise.

17 (b) Incentivize water agencies throughout each watershed to  
18 collaborate in managing the region's water resources and setting  
19 regional priorities for water infrastructure.

20 (c) Improve regional water self-reliance consistent with Section  
21 85021.

22 79742. (a) An urban water supplier that does not prepare,  
23 adopt, and submit its urban water management plan in accordance  
24 with the Urban Water Management Planning Act (Part 2.6  
25 (commencing with Section 10610) of Division 6) is ineligible to  
26 apply for funds made available pursuant to this chapter until the  
27 urban water management plan is prepared and submitted in  
28 accordance with the requirements of that act.

29 (b) A local agency that does not prepare, adopt, and submit its  
30 groundwater management plan in accordance with Part 2.75  
31 (commencing with Section 10750) of Division 6 is ineligible to  
32 apply for funds made available pursuant to this chapter until the  
33 plan is prepared and submitted in accordance with the requirements  
34 of that part. The groundwater management plan requirement shall  
35 not apply to a water replenishment district formed pursuant to  
36 Division 18 (commencing with Section 60000) or to a local agency  
37 that serves or has authority to manage an adjudicated groundwater  
38 basin.

39 (c) For the purposes of awarding funding under this chapter, a  
40 cost share from nonstate sources of not less than 50 percent of the

1 total costs of the project shall be required. The cost sharing  
2 requirement may be waived or reduced for projects that directly  
3 benefit a disadvantaged community or an economically distressed  
4 area.

5 (d) Not less than 10 percent of the funds authorized by this  
6 chapter shall be allocated to projects that directly benefit  
7 disadvantaged communities.

8 (e) For the purposes of awarding a grant under this chapter, the  
9 applicant shall demonstrate that the integrated regional water  
10 management plan the applicant's project implements contributes  
11 to addressing the risks in the region to water supply and water  
12 infrastructure arising from climate change.

13 (f) Projects that achieve multiple benefits shall receive special  
14 consideration.

15 79743. Subject to the determination of regional priorities in  
16 the regional water management group, eligible projects may  
17 include, but are not limited to, projects that promote any of the  
18 following:

19 (a) Water reuse and recycling.

20 (b) Water-use efficiency and water conservation.

21 (c) Local and regional surface and underground water storage,  
22 including groundwater aquifer cleanup or recharge projects.

23 (d) Regional water conveyance facilities that improve integration  
24 of separate water systems.

25 (e) Watershed protection, restoration, and management projects,  
26 including projects that reduce the risk of wildfire or improve water  
27 supply reliability.

28 (f) Stormwater resource management, including, but not limited  
29 to, the following:

30 (1) Projects to reduce, manage, treat, or capture rainwater or  
31 stormwater.

32 (2) Projects that provide multiple benefits such as water quality,  
33 water supply, flood control, or open space.

34 (3) Decision support tools that evaluate the benefits and costs  
35 of multibenefit stormwater projects.

36 (4) Projects to implement a stormwater resource plan developed  
37 in accordance with Part 2.3 (commencing with Section 10560) of  
38 Division 6.

39 (g) Conjunctive use of surface and groundwater storage  
40 facilities.

1 (h) Water desalination projects.

2 (i) Decision support tools to model regional water management  
3 strategies to account for climate change and other changes in  
4 regional demand and supply projections.

5 79744. (a) Of the funds authorized in Section 79740, one  
6 billion dollars (\$1,000,000,000) shall be allocated to the hydrologic  
7 regions as identified in the California Water Plan in accordance  
8 with this section. For the South Coast hydrologic region, the  
9 department shall establish three funding areas that reflect the  
10 watersheds of San Diego County (designated as the San Diego  
11 subregion), the Santa Ana River watershed and southern Orange  
12 County (designated as the Santa Ana subregion), and the Los  
13 Angeles and Ventura County watersheds (designated as the Los  
14 Angeles subregion), and shall allocate funds to those areas in  
15 accordance with this subdivision. The North and South Lahontan  
16 hydrologic regions shall be treated as one area for the purpose of  
17 allocating funds. For purposes of this subdivision, the Sacramento  
18 River hydrologic region does not include the Delta. For purposes  
19 of this subdivision, the Mountain Counties Overlay is not eligible  
20 for funds from the Sacramento River hydrologic region or the San  
21 Joaquin River hydrologic region. Multiple integrated regional  
22 water management plans may be recognized in each of the areas  
23 allocated funding.

24 (b) Funds made available by this chapter shall be allocated as  
25 follows:

26 (1) Forty-five million dollars (\$45,000,000) for the North Coast  
27 hydrologic region.

28 (2) One hundred thirty-two million dollars (\$132,000,000) for  
29 the San Francisco Bay hydrologic region.

30 (3) Fifty-eight million dollars (\$58,000,000) for the Central  
31 Coast hydrologic region.

32 (4) One hundred ninety-eight million dollars (\$198,000,000)  
33 for the Los Angeles subregion.

34 (5) One hundred twenty-eight million dollars (\$128,000,000)  
35 for the Santa Ana subregion.

36 (6) Eighty-seven million dollars (\$87,000,000) for the San Diego  
37 subregion.

38 (7) Seventy-six million dollars (\$76,000,000) for the Sacramento  
39 River hydrologic region.

(8) Sixty-four million dollars (\$64,000,000) for the San Joaquin River hydrologic region.

(9) Seventy million dollars (\$70,000,000) for the Tulare/Kern hydrologic region.

(10) Fifty-one million dollars (\$51,000,000) for the North/South Lahontan hydrologic region.

(11) Forty-seven million dollars (\$47,000,000) for the Colorado River Basin hydrologic region.

(12) Forty-four million dollars (\$44,000,000) for the Mountain Counties Overlay.

79745. (a) Of the funds authorized by Section 79740, up to two hundred fifty million dollars (\$250,000,000) may be used for direct expenditures and grants for water conservation and expenditures and grants for water use efficiency plans, projects, and programs, including either of the following:

(1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets developed pursuant to Section 10608.20. Priority for funding shall be given to programs that do any of the following:

(A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost-effective.

(B) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.

(C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

(2) Agricultural water management plans or agricultural water use efficiency projects and programs developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

(b) Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this chapter. This subdivision does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier. Notwithstanding Section 79740 and subdivision (e) of Section 79742, the projects funded pursuant

1 to this section are not required to be in an adopted integrated  
2 regional water management plan or to comply with that program.

3 79746. (a) Of the funds authorized by Section 79740, ~~up to~~  
4 *the sum of* three hundred fifty million dollars (\$350,000,000) shall  
5 be available to the department for grants and expenditures for the  
6 planning, design, and construction of local and regional conveyance  
7 projects that support regional and interregional connectivity and  
8 water management. Projects shall be consistent with an adopted  
9 integrated regional water management plan and shall provide one  
10 or more of the following benefits:

11 (1) Improved regional or interregional water supply and water  
12 supply reliability.

13 (2) Mitigation of conditions of groundwater overdraft, saline  
14 water intrusion, water quality degradation, or subsidence.

15 (3) Adaptation to the impacts of hydrologic changes.

16 (4) Improved water security from drought, natural disasters, or  
17 other events that could interrupt imported water supplies.

18 (5) Provision of safe drinking water for disadvantaged  
19 communities and economically distressed areas.

20 (b) The department shall require a cost share of not less than  
21 50 percent of total project costs from nonstate sources. The  
22 department may waive or reduce the cost share requirement for  
23 projects that directly benefit a disadvantaged community or an  
24 economically distressed area.

25 79747. (a) Of the funds authorized by Section 79740, up to  
26 two hundred fifty million dollars (\$250,000,000) may be available  
27 for grants for multibenefit stormwater management projects.

28 (b) Eligible projects may include, but shall not be limited to,  
29 green infrastructure, rainwater and stormwater capture projects,  
30 and stormwater treatment facilities.

31 (c) Development of plans for stormwater projects shall address  
32 the entire watershed and incorporate the perspectives of  
33 communities adjacent to the affected waterways, especially  
34 disadvantaged communities.

35 79748. In order to receive funding authorized by this chapter  
36 to address groundwater quality or supply in an aquifer, the  
37 applicant shall demonstrate that a public agency has authority to  
38 manage the water resources in that aquifer. A groundwater  
39 management plan adopted and approved pursuant to Part 2.75

(commencing with Section 10750) of Division 6 shall be deemed sufficient to satisfy the requirements of this section.

CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA  
SUSTAINABILITY

79750. (a) The sum of two billion two hundred fifty million dollars (\$2,250,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants and direct expenditures to improve the sustainability of the Delta.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79751. In order to promote the sustainability and resiliency of the Delta, the purposes of this chapter are to:

(a) Protect, restore, and enhance the Delta ecosystem, consistent with Section 85054.

(b) Maintain and improve existing Delta levees.

(c) Promote the sustainability of the Delta.

79752. The funds authorized in Section 79750 shall not be used to pay the costs of a public agency exercising eminent domain to acquire or use property. All property acquired with moneys available pursuant to this chapter shall be acquired from willing sellers.

79754. Funding authorized by this chapter for the purpose of subdivision (a) of Section 79751 may include, but is not limited to, the following:

(a) Projects to protect and restore native fish and wildlife dependent on the Delta ecosystem, including the acquisition of water rights, improvement of aquatic or terrestrial habitat, or the removal or reduction of undesirable invasive species.

(b) Projects to reduce greenhouse gas emissions from exposed Delta soils.

(c) Scientific studies and assessments that support the projects authorized under this section.

79755. (a) Funding authorized by this chapter for the purpose of subdivision (b) of Section 79751 shall *be administered by the department* to reduce the risk of levee failure and flood in the Delta and may be expended, consistent with the Delta levee investment

1 priorities recommended pursuant to Section 85306, for any of the  
2 following:

3 (1) Local assistance under the Delta levee maintenance  
4 subventions program under Part 9 (commencing with Section  
5 12980) of Division 6, as that part may be amended.

6 (2) Special flood protection projects under Chapter 2  
7 (commencing with Section 12310) of Part 4.8 of Division 6, as  
8 that chapter may be amended.

9 (3) Levee improvement projects that increase the resiliency of  
10 levees within the Delta to withstand earthquake, flooding, or sea  
11 level rise.

12 (4) Emergency response and repair projects.

13 (b) All projects funded pursuant to this section shall be subject  
14 to Section 79050.

15  
16 CHAPTER 9. STATEWIDE WATER SYSTEM OPERATIONAL  
17 IMPROVEMENT AND DROUGHT PREPAREDNESS  
18

19 79760. (a) Notwithstanding Section 162, the commission may  
20 make the determinations, findings, and recommendations required  
21 of it by this chapter independent of the views of the director. All  
22 final actions by the commission in implementing this chapter shall  
23 be taken by a majority of the members of the commission at a  
24 public meeting noticed and held pursuant to the Bagley-Keene  
25 Open Meeting Act (Article 9 (commencing with Section 11120)  
26 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government  
27 Code).

28 (b) Notwithstanding Section 13340 of the Government Code,  
29 the sum of three billion dollars (\$3,000,000,000) is hereby  
30 continuously appropriated from the fund, without regard to fiscal  
31 years, to the commission for public benefits associated with water  
32 storage projects that improve the operation of the state water  
33 system, are cost effective, and provide a net improvement in  
34 ecosystem and water quality conditions, in accordance with this  
35 chapter. Funds authorized for, or made available to, the commission  
36 pursuant to this chapter shall be available and expended only for  
37 the purposes provided in this chapter, and shall not be subject to  
38 appropriation or transfer by the Legislature or the Governor for  
39 any other purpose.



1 (c) Projects shall be selected by the commission through a  
2 competitive public process that ranks potential projects based on  
3 the expected return for public investment as measured by the  
4 magnitude of the public benefits provided, pursuant to criteria  
5 established under this chapter.

6 (d) Any project constructed with funds provided by this chapter  
7 shall be subject to Section 11590.

8 79761. Projects for which the public benefits are eligible for  
9 funding under this chapter consist of only the following:

10 (a) Surface storage projects identified in the CALFED Bay-Delta  
11 Program Record of Decision, dated August 28, 2000, except for  
12 projects prohibited by Chapter 1.4 (commencing with Section  
13 5093.50) of Division 5 of the Public Resources Code.

14 (b) Groundwater storage projects and groundwater  
15 contamination prevention or remediation projects that provide  
16 water storage benefits.

17 (c) Conjunctive use and reservoir reoperation projects.

18 (d) Local and regional surface storage projects that improve the  
19 operation of water systems in the state and provide public benefits.

20 ~~(e) Projects that improve dam stability in seismic events.~~

21 79762. A project shall not be funded pursuant to this chapter  
22 unless it provides measurable improvements to the Delta ecosystem  
23 or to the tributaries to the Delta.

24 79763. (a) Funds allocated pursuant to this chapter may be  
25 expended solely for the following public benefits associated with  
26 water storage projects:

27 (1) Ecosystem improvements, including changing the timing of  
28 water diversions, improvement in flow conditions, temperature,  
29 or other benefits that contribute to restoration of aquatic ecosystems  
30 and native fish and wildlife, including those ecosystems and fish  
31 and wildlife in the Delta.

32 (2) Water quality improvements in the Delta, or in other river  
33 systems, that provide significant public trust resources, or that  
34 clean up and restore groundwater resources.

35 (3) Flood control benefits, including, but not limited to, increases  
36 in flood reservation space in existing reservoirs by exchange for  
37 existing or increased water storage capacity in response to the  
38 effects of changing hydrology and decreasing snow pack on  
39 California's water and flood management system.

1 (4) Emergency response, including, but not limited to, securing  
2 emergency water supplies and flows for dilution and salinity  
3 repulsion following a natural disaster or act of terrorism.

4 (5) Recreational purposes, including, but not limited to, those  
5 recreational pursuits generally associated with the outdoors.

6 (b) Funds shall not be expended pursuant to this chapter for the  
7 costs of environmental mitigation measures or compliance  
8 obligations except for those associated with providing the public  
9 benefits as described in this section.

10 79764. In consultation with the Department of Fish and  
11 Wildlife, the State Water Resources Control Board, and the  
12 department, the commission shall develop and adopt, by regulation,  
13 methods for quantification and management of public benefits  
14 described in Section 79763 by December 15, 2016. The regulations  
15 shall include the priorities and relative environmental value of  
16 ecosystem benefits as provided by the Department of Fish and  
17 Wildlife and the priorities and relative environmental value of  
18 water quality benefits as provided by the State Water Resources  
19 Control Board.

20 79765. (a) Except as provided in subdivision (c), no funds  
21 allocated pursuant to this chapter may be allocated for a project  
22 before December 15, 2016, and until the commission approves the  
23 project based on the commission's determination that all of the  
24 following have occurred:

25 (1) The commission has adopted the regulations specified in  
26 Section 79764 and specifically quantified and made public the cost  
27 of the public benefits associated with the project.

28 (2) The project applicant has entered into a contract with each  
29 party that will derive benefits, other than public benefits, as defined  
30 in Section 79763, from the project that ensures the party will pay  
31 its share of the total costs of the project. The benefits available to  
32 a party shall be consistent with that party's share of total project  
33 costs.

34 (3) The project applicant has entered into a contract with each  
35 public agency identified in Section 79764 that administers the  
36 public benefits, after that agency makes a finding that the public  
37 benefits of the project for which that agency is responsible meet  
38 all the requirements of this chapter, to ensure that the public  
39 contribution of funds pursuant to this chapter achieves the public  
40 benefits identified for the project.

1 (4) The commission has held a public hearing for the purposes  
2 of providing an opportunity for the public to review and comment  
3 on the information required to be prepared pursuant to this  
4 subdivision.

5 (5) All of the following additional conditions are met:

6 (A) Feasibility studies have been completed.

7 (B) The commission has found and determined that the project  
8 is feasible, is consistent with all applicable laws and regulations,  
9 and will advance the long-term objectives of restoring ecological  
10 health and improving water management for beneficial uses of the  
11 Delta.

12 (C) All environmental documentation associated with the project  
13 has been completed, and all other federal, state, and local approvals,  
14 certifications, and agreements required to be completed have been  
15 obtained.

16 (b) The commission shall submit to the Legislature its findings  
17 for each of the criteria identified in subdivision (a) for a project  
18 funded pursuant to this chapter.

19 (c) Notwithstanding subdivision (a), funds may be made  
20 available under this chapter for the completion of environmental  
21 documentation and permitting of a project.

22 79766. (a) The public benefit cost share of a project funded  
23 pursuant to this chapter, other than a project described in  
24 subdivision (c) of Section 79761, shall not exceed 50 percent of  
25 the total costs of any project funded under this chapter.

26 (b) No project may be funded unless it provides ecosystem  
27 improvements as described in paragraph (1) of subdivision (a) of  
28 Section 79763 that are at least 50 percent of total public benefits  
29 of the project funded under this chapter.

30 79767. (a) A project is not eligible for funding under this  
31 chapter unless, by January 1, 2022, all of the following conditions  
32 are met:

33 (1) All feasibility studies are complete and draft environmental  
34 documentation is available for public review.

35 (2) The commission makes a finding that the project is feasible,  
36 and will advance the long-term objectives of restoring ecological  
37 health and improving water management for beneficial uses of the  
38 Delta.

39 (3) The director receives commitments for not less than 75  
40 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79768. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79761 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79769. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant to this chapter may be provided for those purposes to local joint powers authorities formed by irrigation districts and other local water districts and local governments within the applicable hydrologic region to design, acquire, and construct those projects.

(b) The joint powers authorities described in subdivision (a) may include in their membership governmental—~~and nongovernmental~~ partners that are not located within their respective hydrologic regions in financing the surface storage projects, including, as appropriate, cost share participation or equity participation. *Notwithstanding Section 6525 of the Government Code, the joint powers agencies described in subdivision (a) shall not include in their membership any for-profit corporation or any mutual water company whose shareholders and members include a for-profit corporation or any other private entity.* The department shall be an ex officio member of each joint powers authority subject to this section, but the department shall not control the governance, management, or operation of the surface water storage projects.

(c) A joint powers authority subject to this section shall own, govern, manage, and operate a surface water storage project, subject to the requirement that the ownership, governance, management, and operation of the surface water storage project shall advance the purposes set forth in this chapter.

79770. (a) In approving the Clean, Safe, and Reliable *Drinking Water Supply Act* of 2014, the people were informed and hereby

1 declare that the provisions of this chapter are necessary, integral,  
2 and essential to meeting the single object or work of the Clean,  
3 Safe, and Reliable *Drinking* Water Supply Act of 2014. As such,  
4 any amendment of the provisions of this chapter by the Legislature  
5 without voter approval would frustrate the scheme and design that  
6 induced voter approval of this act. The people therefore find and  
7 declare that any amendment of the provisions of this chapter by  
8 the Legislature shall require an affirmative vote of two-thirds of  
9 the membership in each house of the Legislature and voter  
10 approval.

11 (b) This section shall not govern or be used as authority for  
12 determining whether the amendment of any other provision of this  
13 act not contained in this chapter would constitute a substantial  
14 change in the scheme and design of this act requiring voter  
15 approval.

16  
17 CHAPTER 10. WATER RECYCLING  
18

19 79780. The sum of \_\_\_\_ dollars (\$\_\_\_\_) shall be available,  
20 upon appropriation by the Legislature from the fund, for grants  
21 for water recycling and advanced treatment technology projects,  
22 including all of the following:

23 (a) Water recycling projects, including, but not limited to,  
24 treatment, storage, conveyance, and distribution facilities for  
25 potable and nonpotable recycling projects.

26 (b) Contaminant and salt removal projects, including, but not  
27 limited to, groundwater and seawater desalination and associated  
28 treatment, storage, conveyance, and distribution facilities.

29 (c) Dedicated distribution infrastructure to serve residential,  
30 commercial, agricultural, and industrial end-user retrofit projects  
31 to allow use of recycled water.

32 (d) Pilot projects for new potable reuse and other salt and  
33 contaminant removal technology.

34 (e) Groundwater recharge infrastructure related to recycled  
35 water.

36 (f) Technical assistance and grant writing assistance for  
37 disadvantaged communities.

38 79781. At least a 50 percent local cost share shall be required  
39 for projects funded pursuant to this chapter. That cost share may

1 be suspended or reduced for disadvantaged communities and  
2 economically distressed areas.

3 79782. Projects funded pursuant to this chapter shall be selected  
4 on a competitive basis, considering all of the following criteria:

- 5 (a) Water supply reliability improvement.
- 6 (b) Water quality and ecosystem benefits related to decreased  
7 reliance on diversions from the Delta or instream flows.
- 8 (c) Public health benefits from improved drinking water quality.
- 9 (d) Cost-effectiveness.
- 10 (e) Energy efficiency and greenhouse gas emission impacts.
- 11 (f) Reasonable geographic allocation to eligible projects  
12 throughout the state, including both northern and southern  
13 California and coastal and inland regions.

14 79783. For purposes of this chapter, competitive programs  
15 shall be implemented consistent with water recycling programs  
16 administered pursuant to Sections 79140 and 79141 or consistent  
17 with desalination programs administered pursuant to Sections  
18 79545 and 79547.2.

19  
20 CHAPTER 11. GROUNDWATER SUSTAINABILITY  
21

22 79790. Prevention and cleanup of groundwater contamination  
23 are critical components of successful groundwater management.  
24 Groundwater quality becomes especially important as water  
25 providers do the following:

- 26 (a) Evaluate investments in groundwater recharge with surface  
27 water, stormwater, recycled water, and other conjunctive use  
28 projects that augment local groundwater supplies to improve  
29 regional water self-reliance.
- 30 (b) Adapt to changing hydrologic conditions brought on by  
31 climate change.
- 32 (c) Consider developing groundwater basins to provide much  
33 needed local storage options to accommodate hydrologic and  
34 regulatory variability in the state's water delivery system.
- 35 (d) Evaluate investments in groundwater recovery projects.

36 79791. (a) The sum of \_\_\_\_ dollars (\$\_\_\_\_) shall be available,  
37 upon appropriation by the Legislature from the fund, for  
38 expenditures, grants, and loans for projects to prevent or cleanup  
39 the contamination of groundwater that serves or has served as a  
40 source of drinking water. Funds appropriated pursuant to this

1 section shall be available to the implementing agency for projects  
2 necessary to protect public health by preventing or reducing the  
3 contamination of groundwater that serves or has served as a major  
4 source of drinking water for a community.

5 (b) Projects shall be prioritized based upon the following criteria:

6 (1) The threat posed by groundwater contamination to the  
7 affected community's overall drinking water supplies, including  
8 an urgent need for treatment of alternative supplies or increased  
9 water imports if groundwater is not available due to contamination.

10 (2) The potential for groundwater contamination to spread and  
11 impair drinking water supply and water storage for nearby  
12 population areas.

13 (3) The potential of the project, if fully implemented, to enhance  
14 local water supply reliability.

15 (4) The potential of the project to maximize opportunities to  
16 recharge vulnerable, high-use groundwater basins and optimize  
17 groundwater supplies.

18 (5) The project addresses contamination at a site for which the  
19 courts or the appropriate regulatory authority has not yet identified  
20 responsible parties, or where the identified responsible parties are  
21 unwilling or unable to pay for the total cost of cleanup.

22 (c) The Legislature, by statute, shall establish both of the  
23 following:

24 (1) A requirement that the grantee repay grant funds in the event  
25 of cost recovery from the parties responsible for the groundwater  
26 contamination.

27 (2) A requirement that the grantee make reasonable efforts to  
28 attempt to recover the costs of cleanup from the parties responsible  
29 for the contamination, except that a grantee shall not be required  
30 to seek cost recovery related to the costs of response actions  
31 apportioned to responsible parties who are insolvent or cannot be  
32 identified or located or when a requirement to seek cost recovery  
33 would impose a financial hardship on the grantee.

34 79792. *Of the funds authorized by Section 79791, up to \_\_\_\_*  
35 *million dollars (\$\_\_\_\_) shall be available for grants for treatment*  
36 *and remediation activities that prevent or reduce the contamination*  
37 *of groundwater that serves as a source of drinking water.*

38 ~~79792.~~

39 79793. The contaminants that may be addressed with funding  
40 pursuant to this chapter may include, but shall not be limited to,

1 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,  
2 selenium, hexavalent chromium, mercury, PCE  
3 (perchloroethylene), TCE (trichloroethylene), DCE  
4 (dichloroethene), DCA (dichloroethane), 1,2,3-TCP  
5 (trichloropropane), carbon tetrachloride, 1,4-dioxane,  
6 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,  
7 manganese, and uranium.

8 ~~79793.~~

9 79794. (a) A project that receives funding pursuant to this  
10 chapter shall be selected by a competitive grant or loan process  
11 with added consideration for those projects that leverage private,  
12 federal, or local funding.

13 (b) For the purposes of awarding funding under this chapter, a  
14 local cost share of not less than 50 percent of the total costs of the  
15 project shall be required. The cost-sharing requirement may be  
16 waived or reduced for projects that directly benefit a disadvantaged  
17 community or an economically distressed area.

18 (c) An agency administering grants or loans for the purposes of  
19 this chapter shall assess the capacity of a community to pay for  
20 the operation and maintenance of the facility to be funded.

21 (d) At least 10 percent of the funds available pursuant to this  
22 chapter shall be allocated for projects serving severely  
23 disadvantaged communities.

24 (e) Funding authorized pursuant to this chapter shall include  
25 funding for technical assistance to disadvantaged communities.  
26 The agency administering this funding shall operate a  
27 multidisciplinary technical assistance program for small and  
28 disadvantaged communities.

## 30 CHAPTER 12. FISCAL PROVISIONS

31  
32 79800. (a) Bonds in the total amount of \_\_\_\_ dollars (\$\_\_\_\_),  
33 or so much thereof as is necessary, not including the amount of  
34 any refunding bonds issued in accordance with Section 79812 may  
35 be issued and sold to provide a fund to be used for carrying out  
36 the purposes expressed in this division and to reimburse the General  
37 Obligation Bond Expense Revolving Fund pursuant to Section  
38 16724.5 of the Government Code. The bonds, when sold, shall be  
39 and constitute a valid and binding obligation of the State of  
40 California, and the full faith and credit of the State of California



1 is hereby pledged for the punctual payment of both principal of,  
2 and interest on, the bonds as the principal and interest become due  
3 and payable.

4 (b) The Treasurer shall sell the bonds authorized by the  
5 committee pursuant to this section. The bonds shall be sold upon  
6 the terms and conditions specified in a resolution to be adopted  
7 by the committee pursuant to Section 16731 of the Government  
8 Code.

9 79801. The bonds authorized by this division shall be prepared,  
10 executed, issued, sold, paid, and redeemed as provided in the State  
11 General Obligation Bond Law (Chapter 4 (commencing with  
12 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
13 Code), and all of the provisions of that law apply to the bonds and  
14 to this division and are hereby incorporated in this division as  
15 though set forth in full in this division, except subdivisions (a) and  
16 (b) of Section 16727 of the Government Code.

17 79802. (a) Solely for the purpose of authorizing the issuance  
18 and sale pursuant to the State General Obligation Bond Law  
19 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
20 4 of Title 2 of the Government Code) of the bonds authorized by  
21 this division, the Clean, Safe, and Reliable *Drinking* Water Supply  
22 Finance Committee is hereby created. For purposes of this division,  
23 the Clean, Safe, and Reliable *Drinking* Water Supply Finance  
24 Committee is the “committee” as that term is used in the State  
25 General Obligation Bond Law.

26 (b) The committee consists of the Director of Finance, the  
27 Treasurer, the Controller, the Director of Water Resources, and  
28 the Secretary of the Natural Resources Agency. Notwithstanding  
29 any other provision of law, any member may designate a  
30 representative to act as that member in his or her place for all  
31 purposes, as though the member were personally present.

32 (c) The Treasurer shall serve as chairperson of the committee.

33 (d) A majority of the committee may act for the committee.

34 79803. The committee shall determine whether or not it is  
35 necessary or desirable to issue bonds authorized pursuant to this  
36 division in order to carry out the actions specified in this division  
37 and, if so, the amount of bonds to be issued and sold. Successive  
38 issues of bonds may be authorized and sold to carry out those  
39 actions progressively, and it is not necessary that all of the bonds  
40 authorized to be issued be sold at any one time.

1 79804. For purposes of the State General Obligation Bond  
2 Law, “board,” as defined in Section 16722 of the Government  
3 Code, means the Department of Water Resources.

4 79805. There shall be collected each year and in the same  
5 manner and at the same time as other state revenue is collected,  
6 in addition to the ordinary revenues of the state, a sum in an amount  
7 required to pay the principal of, and interest on, the bonds each  
8 year. It is the duty of all officers charged by law with any duty in  
9 regard to the collection of the revenue to do and perform each and  
10 every act that is necessary to collect that additional sum.

11 79806. Notwithstanding Section 13340 of the Government  
12 Code, there is hereby appropriated from the General Fund in the  
13 State Treasury, for the purposes of this division, an amount that  
14 will equal the total of the following:

15 (a) The sum annually necessary to pay the principal of, and  
16 interest on, bonds issued and sold pursuant to this division, as the  
17 principal and interest become due and payable.

18 (b) The sum that is necessary to carry out the provisions of  
19 Section 79809, appropriated without regard to fiscal years.

20 79807. The board may request the Pooled Money Investment  
21 Board to make a loan from the Pooled Money Investment Account  
22 in accordance with Section 16312 of the Government Code for the  
23 purpose of carrying out this division less any amount withdrawn  
24 pursuant to Section 79809. The amount of the request shall not  
25 exceed the amount of the unsold bonds that the committee has, by  
26 resolution, authorized to be sold for the purpose of carrying out  
27 this division. The board shall execute those documents required  
28 by the Pooled Money Investment Board to obtain and repay the  
29 loan. Any amounts loaned shall be deposited in the fund to be  
30 allocated in accordance with this division.

31 79808. Notwithstanding any other provision of this division,  
32 or of the State General Obligation Bond Law, if the Treasurer sells  
33 bonds that include a bond counsel opinion to the effect that the  
34 interest on the bonds is excluded from gross income for federal  
35 tax purposes under designated conditions or is otherwise entitled  
36 to any federal tax advantage, the Treasurer may maintain separate  
37 accounts for the bond proceeds invested and for the investment  
38 earnings on those proceeds, and may use or direct the use of those  
39 proceeds or earnings to pay any rebate, penalty, or other payment  
40 required under federal law or take any other action with respect

1 to the investment and use of those bond proceeds, as may be  
2 required or desirable under federal law in order to maintain the  
3 tax-exempt status of those bonds and to obtain any other advantage  
4 under federal law on behalf of the funds of this state.

5 79809. For the purposes of carrying out this division, the  
6 Director of Finance may authorize the withdrawal from the General  
7 Fund of an amount or amounts not to exceed the amount of the  
8 unsold bonds that have been authorized by the committee to be  
9 sold for the purpose of carrying out this division less any amount  
10 borrowed pursuant to Section 79807. Any amounts withdrawn  
11 shall be deposited in the fund. Any moneys made available under  
12 this section shall be returned to the General Fund, with interest at  
13 the rate earned by the moneys in the Pooled Money Investment  
14 Account, from proceeds received from the sale of bonds for the  
15 purpose of carrying out this division.

16 79810. All moneys deposited in the fund that are derived from  
17 premium and accrued interest on bonds sold pursuant to this  
18 division shall be reserved in the fund and shall be available for  
19 transfer to the General Fund as a credit to expenditures for bond  
20 interest, except that amounts derived from premium may be  
21 reserved and used to pay the cost of bond issuance prior to any  
22 transfer to the General Fund.

23 79811. Pursuant to Chapter 4 (commencing with Section  
24 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
25 the cost of bond issuance shall be paid out of the bond proceeds,  
26 including premium, if any. To the extent the cost of bond issuance  
27 is not paid from premiums received from the sale of bonds, these  
28 costs shall be shared proportionately by each program funded  
29 through this division by the applicable bond sale.

30 79812. The bonds issued and sold pursuant to this division  
31 may be refunded in accordance with Article 6 (commencing with  
32 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
33 the Government Code, which is a part of the State General  
34 Obligation Bond Law. Approval by the voters of the state for the  
35 issuance of the bonds under this division shall include approval  
36 of the issuance of any bonds issued to refund any bonds originally  
37 issued under this division or any previously issued refunding bonds.

38 79813. The proceeds from the sale of bonds authorized by this  
39 division are not “proceeds of taxes” as that term is used in Article  
40 XIII B of the California Constitution, and the disbursement of

1 these proceeds is not subject to the limitations imposed by that  
2 article.

3 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary  
4 Session of the Statutes of 2009, as amended by Section 1 of  
5 Chapter 74 of the Statutes of 2012, is repealed.

6 SEC. 4. Section 2 of this act shall be submitted to the voters  
7 at the November 4, 2014, statewide general election in accordance  
8 with provisions of the Government Code and the Elections Code  
9 governing the submission of a statewide measure to the voters.

10 SEC. 5. Section 2 of this act shall take effect upon the approval  
11 by the voters of the Clean, Safe, and Reliable *Drinking* Water  
12 Supply Act of 2014, as set forth in that section at the November  
13 4, 2014, statewide general election.

14 SEC. 6. This act is an urgency statute necessary for the  
15 immediate preservation of the public peace, health, or safety within  
16 the meaning of Article IV of the Constitution and shall go into  
17 immediate effect. The facts constituting the necessity are:

18 In order to fund clean, safe, and reliable *drinking* water supply  
19 at the earliest possible date, it is necessary that this act take effect  
20 immediately.